

# STATE OF NEW JERSEY



## DEPARTMENT OF BANKING AND INSURANCE DIVISION OF BANKING

ORDER NO. E07-0641

IN THE MATTER OF:

FIRST MAGNUS FINANCIAL  
CORPORATION  
Ref. No. 9929719,  
STEPHEN OLIMPIO  
Ref. No. 9823806

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**ORDER  
TO CEASE AND DESIST  
AND  
TO TAKE CERTAIN ACTIONS  
AND  
TO SHOW CAUSE  
WHY LICENSES SHOULD  
NOT BE REVOKED  
AND  
PENALTIES IMPOSED**

TO: First Magnus Financial Corporation  
1820 Chapel Avenue, Suite 169  
Cherry Hill, NJ 08002

First Magnus Financial Corporation  
603 North Wilmot Road  
Tucson, AZ 85711

Stephen Olimpio  
First Magnus Financial Corporation  
1820 Chapel Avenue, Suite 169  
Cherry Hill, NJ 08002

Stephen Olimpio  
18 Beechwood Place  
Fair Haven, NJ 07704

Gurpreet S. Jaggi, President  
First Magnus Financial Corporation  
603 North Wilmot Road  
Tucson, AZ 85711

Thomas W. Sullivan Jr., VP, Sec'y & Treasurer  
First Magnus Financial Corporation  
603 North Wilmot Road  
Tucson, AZ 85711

Thomas W. Sullivan, Sr., Chairman  
First Magnus Financial Corporation  
603 North Wilmot Road  
Tucson, AZ 85711

**THIS MATTER** having been opened by the Commissioner of the New Jersey Department of Banking and Insurance ("Commissioner"), upon information that First Magnus Financial Corporation ("First Magnus") also trading as "Amtrust Mortgage," "Charter Funding," "I Q Lend", and "Starwin Mortgage Services," a licensed lender with mortgage banker and secondary lending authorities pursuant to the New Jersey Licensed Lenders Act (the "Act"), N.J.S.A. 17:11C-1 et seq., and Stephen Olimpio ("Olimpio"), the individual licensee of First Magnus, have engaged in conduct in violation of the Act warranting issuance of this Order to Cease and Desist and to Take Certain Actions and Order to Show Cause Why Licenses Should not be Revoked ("Order"); and

**IT APPEARING** that Gurpreet S. Jaggi, Thomas W. Sullivan, Jr., and Thomas W. Sullivan, Sr. are on record with the Department as corporate officers of First Magnus; and

#### **COUNT ONE**

**IT APPEARING** that, beginning on or about August 17, 2007, First Magnus and Olimpio announced it was unable to fund home loans in its pipeline and ceased to disburse funds on an unknown number of mortgage loans closed and/or approved for closing as required by an unknown number of agreements they had entered into with New Jersey resident mortgage loan customers, in violation of N.J.S.A. 17:11C-22h, with each such failure to disburse representing a separate violation of N.J.S.A. 17:11C-22h; and

#### **COUNT TWO**

**IT APPEARING** that, beginning on or about August 17, 2007, First Magnus and Olimpio failed to deliver mortgage loan proceeds funds within the required time after a mortgage loan closing with respect to an unknown number of agreements First Magnus had entered into with New Jersey resident mortgage loan customers, in violation of N.J.S.A. 17:11C-22i, with each such failure to disburse representing a separate violation of N.J.S.A. 17:11C-22i; and

#### **COUNT THREE**

**IT FURTHER APPEARING** that, prior to August 17, 2007, First Magnus and Olimpio took an unknown number of pending mortgage loan applications that have not closed (hereinafter referred to as the "Loans in the Pipeline") and that First

Magnus and Olimpio knew or should have known they would be unable to process through to closing and funding in accordance with the mortgage agreements, thereby misrepresenting or concealing a material particular of the transaction in violation N.J.S.A. 17:11C-22g and N.J.S.A. 17:11C-18a(1), with each such misrepresentation or concealment representing a separate violation; and

#### **COUNT FOUR**

**IT FURTHER APPEARING** that, effective on or about August 17, 2007, First Magnus and Olimpio shut down operations in New Jersey without appropriate notice to the Commissioner or other interested parties, in violation of N.J.A.C. 3:15-2.15 and in a manner that demonstrated unworthiness, incompetence and bad faith in the transaction of business as a licensee in violation of N.J.S.A. 17:11C-18a(5); and

#### **COUNT FIVE**

**IT FURTHER APPEARING** that First Magnus has failed to maintain the required net worth or become insolvent, in violation of N.J.S.A. 17:11C-14, N.J.S.A. 17:11C-18a(4) and N.J.S.A. 17:11C-18a(1);

**NOW, THEREFORE**, in accordance with authority provided in the Act and at N.J.S.A. 17:1-15g, **IT IS** on this 17th day of August 2007, **ORDERED** that:

#### **A. ORDER TO CEASE AND DESIST**

1. First Magnus and Olimpio shall immediately **CEASE AND DESIST** from closing loans without available funding, for New Jersey mortgage loan customers;
2. First Magnus and Olimpio shall immediately **CEASE AND DESIST** from taking any new mortgage loan applications in New Jersey until further notice from the Commissioner;

#### **B. ORDER TO TAKE CERTAIN ACTIONS**

1. First Magnus and Olimpio shall immediately **TAKE ACTION** to fund those loans that have closed without funding or to redirect such loans to a viable alternative funding source;
2. First Magnus and Olimpio shall immediately **TAKE ACTION** to secure a viable funding source for the Loans in the Pipeline before proceeding any further with such loans or to redirect the Loans in the Pipeline to a viable alternative lender;
3. First Magnus and Olimpio shall immediately **TAKE ACTION**, on a weekly basis, to provide to the Commissioner with a weekly report, in electronic format, with all such information as the Commissioner may require, including

where appropriate proof of funding (by Federal ID Wire Number), detailing the status of all loans closed but not funded; and

4. First Magnus and Olimpio shall immediately **TAKE ACTION**, on a weekly basis, to provide to the Commissioner a weekly report, in electronic format, with all such information as the Commissioner may require, detailing the status of each Loan in the Pipeline; and
5. First Magnus and Olimpio shall immediately **TAKE ACTION** to make available for examination any and all other books, accounts, records and documents pertaining to its business as the Commissioner may request; and
6. First Magnus and Olimpio shall immediately **TAKE ACTION** to place into escrow until further order of the Commissioner all monies representing fees of any kind paid by customers for a loan that has not been funded; and
7. Failure to comply with the terms of this Order shall subject First Magnus and Olimpio to further administrative proceedings on their licenses pursuant to N.J.S.A. 17:11C-18 and to impose administrative penalties in accordance with N.J.S.A. 17:11C-48; and

C. **ORDER TO SHOW CAUSE - LICENSE REVOCATION**

1. First Magnus and Olimpio shall appear and show cause why their licensed lenders licenses should not be **REVOKED** pursuant to N.J.S.A. 17:11C-43 and N.J.S.A. 17:11C-18(a)(1) the violations alleged in the Counts set forth above;
2. First Magnus and Olimpio shall appear and show cause why they should not be jointly and severally liable for **ADMINISTRATIVE PENALTIES** of up to \$5,000 for each such violation of the Act, pursuant to N.J.S.A. 17:11C-48; and

**IT IS PROVIDED** that First Magnus and Olimpio shall have the right to request an administrative hearing pursuant to the Administrative Procedures Act, N.J.S.A. 52:14B-1 et seq., as to the terms of this Order; and

**IT IS FURTHER PROVIDED** that unless a request for a hearing on this Order is received within twenty (20) days of receipt of this Order, the right to a hearing in this matter shall be deemed to have been waived by First Magnus and Olimpio, and the Commissioner may dispose of this matter by issuing a final order pursuant to law.

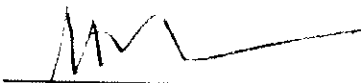
A hearing may be requested by mailing the request to:

Leona B. Joyner, Chief of Enforcement  
Office of Consumer Finance  
Department of Banking and Insurance  
P.O. Box 040  
Trenton, New Jersey 08625-0040

The request shall contain:

- (1) Your name, address and daytime telephone number;
- (2) A copy of this Order;
- (3) A statement requesting a hearing;
- (4) A specific admission or denial of each fact alleged in this Order. Where the licensee has no specific knowledge regarding a fact alleged in the Order, a statement to that effect must be contained in the hearing request. Allegations of this Order not answered in the manner set forth above shall be deemed to have been admitted; and
- (5) A concise statement identifying any factual or legal defense intended to be asserted in response to each charge in this Order. Where the defense relies on facts not contained in the Order, those specific facts must be stated.

NEW JERSEY DEPARTMENT OF BANKING AND INSURANCE

  
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STEVEN M. GOLDMAN, COMMISSIONER